

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 INRE-00 USIE-00 AID-05
CEA-01 CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07
IO-13 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04
EPG-02 SIL-01 AGRE-00 OMB-01 XMB-02 L-03 SS-15
SSO-00 /099 W

-----041406Z 126538 /47

O 041344Z MAY 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6442

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 13075

PASS TREASURY (JUNZ), FRB (PIZER)

E.O.11652: GDS

TAGS: OECD, CIEC, EFIN

SUBJECT: CIEC: FINANCIAL AFFAIRS COMMISSION CONTACT
GROUP ON MEASURES AGAINST INFLATION

REF: 5/2 JUNZ-GELBARD TELCON

1. G-8 PARTICIPANTS IN INFLATION CONTACT GROUP WORKED
ON TENTATIVE RPT TENTATIVE DRAFT OF LAST PART
(MEASURES) OF JOINT TEXT AFTERNOON OF MAY 3. EC HAS
ALREADY RAISED OBJECTIONS TO PAPER AS QTE RETROGRESSION
UNQTE AND IS IN PROCESS OF PREPARING REVISION. TEXT
FOLLOWS:

BEGIN TEXT:

5. THE PARTICIPATING STATES, RECOGNIZING THAT
CONTROL OVER INFLATION IS A PRECONDITION FOR SUCCESSFUL
ECONOMIC DEVELOPMENT, AGREE THAT ALL COUNTRIES SHOULD
TAKE ALL MEASURES AVAILABLE TO THEM TO RESTORE AND
MAINTAIN PRICE STABILITY AND COUNTERACT INFLATIONARY
EXPECTATIONS.

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AMONG SUCH MEASURES THE FOLLOWING ARE ESSENTIAL:

- THE PURSUIT OF EFFECTIVE DEMAND MANAGEMENT THROUGH
FISCAL, MONETARY AND, WHERE APPROPRIATE, INCOME
POLICIES BY DEVELOPED COUNTRIES AND DEVELOPING
COUNTRIES, EACH TO THE MAXIMUM EXTENT POSSIBLE. SUCH
MEASURES ARE IMPORTANT IN ALL INDUSTRIALIZED
COUNTRIES. THEY ARE PARTICULARLY IMPORTANT FOR THOSE

COUNTRIES WHICH HAVE WORLDWIDE ECONOMIC INFLUENCE.
FOR THEIR PART, OTHER COUNTRIES SHOULD, SO FAR AS
POSSIBLE, PURSUE NON-INFLATIONARY (ECONOMIC AND) DEVEL-
OPMENT POLICIES.

- THE FOSTERING OF CONTINUED LIBERALIZATION OF THE
INTERNATIONAL EXCHANGE OF GOODS, SERVICES AND CAPITAL
AND THE IMPROVEMENT OF MARKET ACCESS FOR PRODUCTS OF
DEVELOPING COUNTRIES. THE ENCOURAGEMENT OF FREE
COMPETITION BETWEEN ALL ECONOMIC AGENTS AND THE
PROMOTION OF TRANSPARENCY AND EFFICIENCY OF MARKETS.
- THE SHIFTING OF RESOURCES TO THE INVESTMENT SECTOR
AND, WHERE APPROPRIATE, THE ADOPTION OF MEASURES TO
IMPROVE PRODUCTIVITY. END TEXT.

3. PURPOSE OF CHANGES IN DEMAND MANAGEMENT SECTION
IS TO STATE APPLICABILITY OF DEMAND MANAGEMENT POLICIES
FOR ALL, WHILE SHOWING SOME DIFFERENTIALS AMONG
INDUSTRIALIZED COUNTRIES, COUNTRIES WITH MAJOR

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 13075

ECONOMIC ROLE (INCLUDING OPEC) AND NON-OIL LDC'S. U.S.
DEL HAS BEEN ATTEMPTING TO RESIST DIFFERENTIALS IN THIS
SECTION, BUT OTHER G-8 COUNTRIES INSISTING ON AT LEAST
SOME DISTINCTION.

4. IT APPEARS THAT WITHIN G-8 THERE WILL BE OPPOSITION

TO LAST SECTION, BUT U.S. WOULD LIKE TO INSIST ON AT LEAST THIS VERSION. OTHER G-8 COUNTRIES ALSO HAVE STRONG FEELINGS ABOUT PARAGRAPHS ON PRODUCER-CONSUMER COOPERATION AND LIQUIDITY. FORMER WILL BE FOUGHT ON GROUNDS THAT THERE IS AGREEMENT AMONG G-8 IN ENERGY COMMISSION THAT THIS CONCEPT WILL NOT BE PRESENTED UNTIL LATER. ON LIQUIDITY QUESTION, IN SPITE OF STRONG U.S. RESISTANCE AND DISAGREEMENT, WE ARE FACED WITH OTHER G-8 COUNTRIES BEING UNANIMOUS ON NEED FOR SAME LANGUAGE. WE RECOMMEND THAT BASED ON STRONG U.S. POSITION UP TO NOW, WE SHOULD PRESENT TO G-8 BRIEF, NON-NEGOTIABLE, AND NON-CONTROVERSIAL SENTENCE THAT MENTIONS SUBJECT IF NOT LIQUIDITY. IF AGREED, PLEASE SUPPLY APPROPRIATE LANGUAGE.

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5. G-8 DESIRE TO AVOID DISCUSSION OF CAUSES OF INFLATION HAS PROVEN FRUITLESS. WOULD APPRECIATE PARAGRAPH, POSSIBLY ALONG LINES OF ONE USED IN NOVEMBER G-8 TEXT, ON CAUSES OF INFLATION.

6. WORK FOR MAY 4 WAS TO DISCUSS EARLIER PARAGRAPHS. WOULD APPRECIATE TELEPHONE OR CABLE RESPONSE NO LATER THAN COB 5/4 PARIS TIME. KATZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, TEXT, DOCUMENTS, AGREEMENT DRAFT, COMMITTEE MEETINGS, FINANCIAL PROGRAMS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Review Exemptions: n/a
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Review Release Date: n/a
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